

VILLAGE OF BARRINGTON, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003

**Prepared by the Finance Division
Administrative Services Department**

**Denise M. Pieroni
Director of Administrative Services**

VILLAGE OF BARRINGTON, ILLINOIS

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Transmittal Letter.....	i-x
Principal Officials	xi
Organizational Chart.....	xii
Certificate of Achievement for Excellence in Financial Reporting	xiii

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT.....	1-2
-----------------------------------	-----

MANAGEMENT'S DISCUSSION AND ANALYSIS	3-18
--	------

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Assets	19
Statement of Activities	20-21
Fund Financial Statements	
Balance Sheet – Governmental Funds	22
Reconciliation of Total Governmental Fund Balance to Statement of Net Assets of Governmental Activities.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Activities	25
Statement of Net Assets – Proprietary Funds	26-27
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	28
Statement of Cash Flows – Proprietary Funds	29
Statement of Net Assets – Fiduciary Funds	30
Statement of Changes in Net Assets – Fiduciary Funds	31
Notes to the Financial Statements	32-74

VILLAGE OF BARRINGTON, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION - Continued

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress – Illinois Municipal Retirement Fund.....	75
Employer Contributions – Illinois Municipal Retirement Fund	76
Schedule of Funding Progress – Police Pension Fund	77
Employer Contributions – Police Pension Fund	78
Schedule of Funding Progress – Firefighters’ Pension Fund	79
Employer Contributions – Firefighters’ Pension Fund	80
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	81
Schedules of Revenues – Budget and Actual – General Fund	82-85
Schedule of Expenditures – Budget and Actual – General Fund	86-87
Schedule of Expenditures (Detail) – Budget and Actual – General Fund	88-95

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Debt Service Fund.....	96
Capital Improvements – Capital Projects Fund.....	97
Schedule of Revenues – Budget and Actual Capital Improvements – Capital Projects Fund.....	98
Schedule of Expenditures (Detail) – Budget and Actual Capital Improvements – Capital Projects Fund.....	99
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual TIF Redevelopment – Capital Projects Fund.....	100
Statement of Revenues, Expenses, and Changes in Net Assets – Budget and Actual Waterworks and Sewerage - Enterprise Fund.....	101
Schedule of Changes in Retained Earnings – Reserved – Restricted Accounts – Waterworks and Sewerage Fund	102
Schedule of Operating Expenses – Budget and Actual Waterworks and Sewerage - Enterprise Fund	103-104
Schedule of Fixed Assets and Depreciation Water and Sewerage - Enterprise Fund	105
Statement of Revenues, Expenditures, and Changes in Net Assets– Budget and Actual Motor Vehicle Parking System - Enterprise Fund	106

VILLAGE OF BARRINGTON, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION – Continued</u>	
Schedule of Operating Expenses – Budget and Actual	
Motor Vehicle Parking System - Enterprise Fund	107-108
Schedule of Fixed Assets and Depreciation	
Motor Vehicle Parking System - Enterprise Fund	109
Statement of Revenues, Expenditures, and Changes in	
Net Assets– Budget and Actual	
Recycling and Refuse – Enterprise Fund	110
Schedule of Operating Expenses – Budget and Actual	
Recycling and Refuse – Enterprise Fund	111
Combining Statement of Net Assets – Internal Service Funds	112
Combining Statement of Revenues, Expenses, and	
Changes in Net Assets – Internal Service Funds	113
Combining Statement of Cash Flows - Internal Service Funds	114
Statement of Revenues, Expenditures, and Changes in	
Net Assets– Budget and Actual	
Information Systems – Internal Service Fund	115
Schedule of Operating Expenses – Budget and Actual	
Information Systems – Internal Service Fund	116
Statement of Revenues, Expenditures, and Changes in	
Net Assets– Budget and Actual	
Central Garage – Internal Service Fund	117
Schedule of Operating Expenses – Budget and Actual	
Central Garage – Internal Service Fund	118
Schedule of Fixed Assets and Depreciation	
Central Garage – Internal Service Fund	119
Combining Schedule of Net Plan Assets – Pension Trust Funds.....	120
Combining Schedule of Changes in Net Plan Assets – Pension Trust Funds.....	121
Statement of Changes in Plan Net Assets – Budget and Actual	
Police Pension –Pension Trust Fund.....	122
Statement of Changes in Plan Net Assets – Budget and Actual	
Firefighters’ Pension Fund – Pension Trust Fund.....	123
Combining Statement of Changes in Assets and Liabilities – Agency Funds	124 - 125
Capital Assets Used in the Operation of Governmental Funds	
Schedule of Governmental Capital Assets – By Source.....	126
Schedule of Governmental Capital Assets – By Function and Activity	127
Schedule of Changes in Governmental Capital Assets –	
By Function and Activity	128

VILLAGE OF BARRINGTON, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>SUPPLEMENTAL SECTION</u>	
Schedule of Insurance in Force	129
Long-Term Debt Requirements	
Real Property Installment Contract of 1997.....	130
General Obligation Bond Series of 1998	131
General Obligation Refunding Bond Series of 1999.....	132
General Obligation Waterworks and Sewerage Alternate Revenue Source Bond Series of 1999B	133
IEPA Loan of 2001	134
IEPA Loan of 2002	135
<u>STATISTICAL SECTION (Unaudited)</u>	
Governmental-wide Information	
Governmental Revenues by Source.....	136
Governmental Expenditures by Function	137
Property Tax Levies and Collections – Last Ten Fiscal Years	138
Assessed and Estimated Value of Taxable Property – Last Ten Fiscal Years	139
Property Tax Rates per \$100 Assessed Valuation	
Direct and Overlapping Governments – Last Ten Fiscal Years.....	140
Ratio of General Obligation Bonded Debt to Assessed Valuation and Bonded Debt Per Capita	141
Schedule of Direct and Overlapping Bonded Debt.....	142
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	143
Demographic Statistics – Last Ten Fiscal Years	144
Property Value and Construction – Last Ten Fiscal Years	145
Schedule of Ten Largest Real Estate Taxpayers	146
General Information.....	147-149

INTRODUCTORY SECTION

June 1, 2004

The Honorable Marshall S. Reagle, Village President
Members of the Board of Trustees
Residents of the Village of Barrington

Ladies and Gentlemen:

Submitted for your review and consideration is the Comprehensive Annual Financial Report of the Village of Barrington, Illinois, for the fiscal year ended December 31, 2003. Illinois State Statute requires municipal governments to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. This Comprehensive Annual Financial Report (CAFR) is issued by the Village of Barrington in response to this requirement.

This CAFR consists of the Village's representations concerning the finances of the Village of Barrington. The responsibility for the accuracy of the data presented, as well as the completeness and fairness of the presentation, including disclosures, rests with the Village's Administrative Services Department. Administrative Services believes the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and result of operations of the Village as measured by the financial activity of its various funds and account groups.

To provide a reasonable basis for making these representations, Administrative Services has established a comprehensive set of internal controls that are designed to protect the Village's assets from loss, theft, or misuse. These internal controls are also used to compile sufficient reliable information for the preparation of the Village's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. Included with this report are all disclosures necessary to enable the reader to gain the maximum understanding of the Village's financial affairs.

The Village of Barrington's financial statements have been audited by Lauterbach and Amen, LLP, a firm of licensed certified public accountants specializing in audits of Illinois municipal governments. The goal of the independent audit was to provide reasonable assurance that the financial statements for the Village for the fiscal year ended December 31, 2003 are free of material misstatements. The independent audit consisted of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village's financial statements for the fiscal year ended December 31, 2003 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Governmental Accounting Standards Board Statement Number 34 requires that the Village provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A is found immediately following the report of the independent auditors.

Presentation of Information

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes this transmittal letter, the Village's organizational chart, a copy of the Certificate of Achievement for Excellence in Financial Reporting, and a list of principal officials. The Financial section includes:

- the Independent Auditor's Report
- Management's Discussion and Analysis (MD&A)
- the Basic Financial Statements
- the Required Supplementary Information
- Other Supplementary Information

The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Information about the Village of Barrington

The Village of Barrington, incorporated in 1865, is located approximately 38 miles northwest of the Chicago Loop in both Cook and Lake Counties. The Village comprises a total land area of approximately 6.8 square miles and provides services to 10,168 residents. Barrington operates under the President – Trustee form of government with a Village Manager who is appointed by the President and the Board of Trustees voting jointly. The Village President, Members of the Board of Trustees, and the Village Clerk are elected at large to staggered four-year terms.

All of the funds and account groups of the Village are included in this report. Through these funds and account groups, the Village provides a full range of services, including:

- general administration
- police protection and crime prevention

- fire suppression and emergency medical services
- fire prevention
- recycling and refuse collection
- construction and maintenance of roads, streets and infrastructure
- building and property maintenance
- planning and zoning
- economic development
- water production and distribution
- wastewater treatment facilities and conveyance
- forestry

Beyond these general Village activities, the Police Pension and the Firefighters' Pension Plans have been included in the reporting entity in accordance with GAAP.

The following Districts, Councils, Township and Agencies have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

- Barrington Park District
- Barrington Public Library District
- Barrington Area Council of Governments (BACOG)
- Barrington Township
- Intergovernmental Personnel Benefit Cooperative (IPBC)
- Intergovernmental Risk Management Agency (IRMA)
- Solid Waste Agency of Northern Cook County (SWANCC)

The Biannual budget is the foundation of the Village's financial planning and control. All Funds and Departments of the Village are required to submit budget requests to Administrative Services by June of the year preceding the initial year of the budget. These request are reviewed by Administrative Services to ensure the budget to be established from the request will fall under the projected revenues for the forthcoming budget years. The biennial budget is then compiled into a comprehensive budget document and presented to the Village Board in September of the year preceding the initial year of the budget period. The Village Board is required to hold public hearings and adopt a final budget for the initial year of the two year budget period at least 30 days prior to the start of the initial budget year which is January 1. The Village Board is then required to adopt a final budget for the second year of the two year budget period in early February of the initial year of the two year budget period.

The Village maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the Village's governing body. Activities of the General Fund, Debt Service Funds, Capital Projects Funds, Enterprise Funds, Internal Service Funds and Pension Trust Funds are included in the annual budget. Project length financial plans are prepared for multi-year capital improvements. The level of budgetary control (the level at which expenditures cannot legally exceed the budgeted amount) is established at the fund level. Budget to actual comparisons are provided in this report for each fund of the Village.

Analysis of Economic and Business Environment

Understanding the external environment in which the Village operates is an important precursor to understanding the financial statements. Municipal officials, and other interested parties, must analyze and understand changing social, demographic, economic, and financial environments in order to assess the municipality's present and future viability. A grasp of the Village's environment is necessary before the financial statements of the Village can be adequately analyzed.

Local Economy. The last five years have been tumultuous for the national and regional economies. In 1999 and 2000 the national and regional economies were expanding rapidly due to robust business and consumer confidence. However, in March of 2000 the stock market began to experience a series of declines that began to undermine business and consumer confidence. These declines in the stock market began to be felt in the real economy in 2001 and both the national and regional economies endured a mild recession in the second (April to June) and third (July to September) quarters of 2001. In 2002 the economy began slowly recovering from the impact of the events of 2001. In 2003, both national and regional economies began to rebound strongly from the slow growth experienced since the recession of 2001.

As the regional economy experienced strong growth in 2003, local economic prospect were also positively impacted. The upward trend in sales tax revenues experienced by the Village since FY 1992/93 came to an end in FY 2001 and continued to decline in 2002. However, in 2003 Sales Tax revenue began again to increase and was approximately 3.97% higher than the amount collected in 2002. The Village receives 1% of all of the goods and services sold in the Village and therefore the increase in the receipt of Village Sales Tax revenues also indicates moderate improvement in the local economy. The Village is predicting slow growth in sales tax revenue in 2004 and, based on proposed developments in the Village as well as a robust national and regional economic rebound, modest increases of 3% in 2005 and 2006.

The Village continues to have a strong property tax base, with an Equalized Assessed Valuation (EAV) of \$457,681,703 during 2002, an increase of approximately \$26,456,825 over 2001. The Village's average 2002 tax rate of \$.572/\$100 of EAV (which includes both the 1998 and the 1999 General Obligation Bond Issue) is low compared to the rate of surrounding municipalities. However, while the tax rate itself is low, property values in the area have been and continue to remain fairly high. According to the Illinois Association of Realtors, the median single family home in 2003 sold for approximately \$380,000. The high property values are based, in part, on Barrington's location, quality schools, and philosophy toward development and open space.

The Village also has positive underlying economic and demographic attributes. According to the 2000 census, slightly more than 58% of Village residents 25 years of age or older have attained a college degree, including 24% of residents who have either a graduate or professional degree. This is much higher than either the State of Illinois or National averages (26.1% and 24.4%, respectively). Another 22% of residents who are age 25 or older have attended some college or attained an Associates degree. Slightly more than 94% of Village residents 25 or older have attained their high school diploma (or equivalent), which is also much higher than the averages for the State of Illinois and the United States as a whole (81.4% and 80.4% respectively).

The educational achievements of Village residents may help to explain the low numbers of Village residents who are unemployed. The number of unemployed persons in Barrington was 1.8% in 1999, 1.9% in 2000 and 2.5% in 2001. The Village of Barrington consistently has an unemployment rate that is lower than either the Statewide or National averages. The majority of employed persons who reside in Barrington are employed in white-collar or service sector jobs (approximately 64% of Village residents are employed in one of four sectors of the economy, these sectors include: Wholesale and Retail; Finance, Insurance, Real Estate, Rental & Leasing; Professional, Scientific, and Management; and Educational, Health, and Social Services).

The educational and employment attributes of Village residents probably explain the high median household income for the Village. At \$83,085, the median household income in the Village is highly favorable when compared to other communities in the Chicago Metropolitan Area as well as other communities in the State of Illinois.

Business Development in the Village and Surrounding Areas. The Village of Barrington is centrally located within a region in the Central Northwest Suburban Chicago Area that has and continues to encourage limited development and preservation of open space. There has been significant interest by outside parties in pursuing both residential and commercial development within this area, presenting both the Village and its immediate neighbors with the challenge of allowing limited growth while preserving the character of the region. The Village, along with its neighbors, recognized that many of these challenges would be best addressed on a regional basis in order to coordinate the interdependent actions of local governments. As such, the Barrington Area Council of Governments (BACOG) was formed in 1970. This regional council represents seven area communities including: Barrington, North Barrington, Lake Barrington, Tower Lakes, Deer Park, Barrington Hills, and South Barrington.

According to BACOG's Comprehensive Plan, the Village of Barrington is identified as the major business, retail and employment center of the area. Over the past several years, however, there has been increased interest in commercial development in the other communities within the BACOG area. A business/industrial park, which includes a car dealership, has been developed in Lake Barrington. A 30-screen theater has been constructed in South Barrington, just off Interstate 90. A 1.2 million square foot, high-end retail mall, although not approved, had been proposed in North Barrington. In Deer Park, along Route 12, construction on a mixed-use development, which includes about 500,000 sq. ft. of retail space, has been completed. Additional phases of this development have been proposed. Barrington has been and continues to be concerned with the potential impact of changes in philosophy by the BACOG area governments and the possible resulting developments.

The Board continues to acknowledge the importance of its retail base on the overall vitality of the community. The Village has allocated significant resources to programs/projects that are intended to maintain and expand a quality retail base within existing commercial areas of the Village. To encourage redevelopment within its Village Center, Barrington has established five Business Districts as provided for under the Illinois State Statutes. In August of 1999, the Village approved the Master Plan for the Village Center. This plan serves as a guide for public and private improvements within the Village Center and encourages the transformation of this area into the cultural and activity center of the community. In order to fund the improvements identified in the

Master Plan, the Village Board approved the establishment of a Tax Increment Financing (TIF) District in February 2000. The boundaries of this district, although not identical, encompass almost the entire Village Center. One TIF mixed-use project (referred to as the Cook Street Plaza Project) encompassing 18,000 square feet of retail space on the first floor and residential condominium units on the second and third floors has been approved and construction on this project is anticipated to commence in the middle of 2004.

Major Village Initiatives

For the Year. The Village, through its Corporate Authorities, has established a vision statement that reads as follows:

The vision of the Village of Barrington is to preserve and promote its unique small town heritage, preserve its distinct ecological and historical character, provide a moral and safe environment, maintain a high quality of life through the efficient use of community resources, and respond to future challenges through citizen participation in all civic, social, and cultural endeavors.

The community is committed to preserving the quality of its neighborhoods, the quality of education, and the diversity of leisure time activities. The community is dedicated to fostering an easily-accessible center of activity for the Barrington area, maintaining a prosperous economic base, protecting its extensive natural resources, and promoting public participation and communication.

Each year the Corporate Authorities participate in a Strategic Goal Setting process for the purpose of redefining and adjusting key goals and objectives. The Village utilizes this strategic goal setting process to establish a direction that is consistent with the Village's vision statement. The initiatives undertaken in the fiscal year ended December 31, 2003 were in response to the Goals and Objectives established by the Board in 2002.

A continuing initiative of the Village is the need to address the condition of public buildings. In November of 1997, funding for the construction of a new Village Hall and a new Public Safety Building was approved by a significant majority of the voters in a referendum process. The construction of the Public Safety Building and the new Village Hall was substantially completed in 2000 with remaining signage and landscaping projects completed in 2003. In 2001 the Village completed successful negotiations with Union Pacific on a long-term lease on the train station that has allowed METRA, in conjunction with the Village, to move forward with the expansion and renovation of the station as well as improvements to the surrounding areas. The majority of the work on the building was completed in 2002 and the remainder of the project was completed in 2003. The Village continues to analyze designs and estimated costs for expanding the Public Works Facility. This project has been deferred due to the challenging economic environment the Village has experienced since 2001.

Another major initiative of the Village is transportation, which continues to be a major issue for the community. In past surveys undertaken by the Village, traffic has been cited as a major concern of those responding. Growth within communities surrounding the BACOG area is taxing an already saturated highway system, thus increasing pressure to expand these systems. The Village is concerned about the impact of such expansion on the community. The Village, in conjunction with

the State of Illinois Department of Transportation, Cook County and Lake County, undertook a feasibility study to evaluate traffic mitigation alternatives for Route 59. A Transportation Advisory Committee (TAC), appointed by the Board, was established for the purpose of identifying ways to address the traffic issues along Route 59/Hough Street. It has been and continues to be the desire of the Village to work closely with the Barrington Area Council of Governments (BACOG) and neighboring municipalities to address this issue. As such, representatives of BACOG and neighboring communities had been given the opportunity to serve on this committee. The TAC committee finalized their recommendations and forwarded them to the Village Board in 2001. Based on the committee's recommendations, the Village President and Board of Trustees drafted in 2002 a position statement calling for improvements to grading, signalization, and train gate coordination along Route 59 in order to improve traffic flow. The statement strongly opposed any widening of Route 59 or the pursuit of bypass route. This statement has been sent to the Illinois Department of Transportation.

Another transportation related concern of the Village is the potential increase in freight line usage of the Elgin, Joliet & Eastern (EJ&E) and Union Pacific tracks. Increased usage of either of these lines will impact the tranquility of several residential areas within the community in addition to negatively impacting vehicular traffic flow through the Village and response times for emergency vehicles.

In the summer of 1990, Metra announced the initiation of a study to evaluate the feasibility of the first suburb-to-suburb commuter rail service in Chicago, which would ultimately run from Waukegan to Joliet. As proposed, the trains would utilize the Elgin, Joliet and Eastern (EJ&E) tracks, thereby increasing the number of trains on this stretch of track and further worsen an already tenuous situation. The Village Board adopted a resolution opposing this project in June 1990 and continues to monitor the situation.

Another priority for the Village is economic development and downtown revitalization. The Board approved the Master Plan developed by the Village Center Redevelopment Commission (VCRC) in August 1999. In February of 2000, the Village Board approved, at the recommendation of the VCRC, a Tax Increment Financing District (TIF) that encompasses a majority of the property within the Village Center. With the establishment of the TIF District, the Village has commenced the renovation of the Village Center. A Streetscape design has been finalized and construction, which included the burial of utility lines along east Main Street, the rehabilitation of sidewalks along Main and Hough Streets, and the installation of decorative light poles along East Main Street, was continued in 2003. In addition to the Streetscape project, the TIF District is anticipating the beginning of a large retail development in the downtown area.

For the Future. The Village Board, through the goal setting process, has reconfirmed its commitment to the retention of high levels of services and the planning for and implementation of necessary infrastructure improvements and capital projects. The challenge that the Village faces in the future is controlling operating costs and prioritizing capital projects so that service levels can be maintained and projects can be effectively implemented without further need for additional revenues.

Analysis of Factors Affecting Financial Condition

Cash Management. Cash temporarily idle during the year was invested in commercial bank time deposits, certificates of deposit, savings and loan time deposits, obligations of the U.S. Treasury, U.S. Agency securities, the Illinois Metropolitan Investment Pool (IMET), and the Illinois Funds Investment Pool (ILFD). Exceptions to these types of investments include investments made by the Police Pension Board in insurance annuities, Illinois Police Pension Fund Association (IPPFA) Pool, equities, and GNMA's. The maturities of the investments range from 30 days to 5 years and the average yield on investments was 1.93% for non pension funds and 7.75% for the pension trust funds. The higher rate of return for the pension trust funds is attributable to the type of investments available to the funds, the Police Pension was able to invest in equities and therefore achieved a higher rate of return due to the increase in value of equities in 2003. The objectives of the Village's investment policy include:

1. Safety - Safety of principal is the foremost objective of the investment program. Investments of the Village shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. To attain this objective, diversification is required so that potential losses on individual securities and/or financial institutions do not exceed the income generated from the remainder of the portfolio.
2. Liquidity - The Village's investment portfolio shall remain sufficiently liquid to enable the Village to meet all operating requirements that may be reasonably anticipated within each of the Village's individual Funds.
3. Return on Investments - The investment portfolio of the Village shall be designed with the objective of attaining a market average rate of return throughout budgetary and economic cycles, taking into account the Village's risk constraints, the cash flow characteristics of the portfolio and legal restrictions for the return on investment.

Accordingly, deposits were either insured by federal depository insurance or were collateralized. All collateral on deposits were held by the Village's agent in the Village's name. One hundred percent of the investments held by the Village at December 31, 2003, excluding those investments not subject to risk categorization, are classified in risk category 1 as defined by the Governmental Accounting Standards Board (GASB).

Risk Management. The Village of Barrington is proud of its twenty-two year association as a charter member of the Intergovernmental Risk Management Agency (IRMA). From an initial group of fourteen Illinois municipalities, IRMA today boasts a membership of seventy-four units of local government. IRMA manages and funds first-party property losses, third-party liability claims, workers' compensation claims and public officials' liability claims of its members.

In addition, IRMA has established, and the Village actively participates in, a loss prevention and safety program which has resulted in better control of claims and management of losses. An indication of the Village's commitment to safety is the presence of the Village's active Health and Safety Committee which is made up of representatives of all operating departments of the Village. The purpose of the Health and Safety Committee is to simplify the exchange of ideas between

supervisors and employees and enhance the awareness of the Village's and IRMA's Safety and Loss Prevention Programs. The Committee also reviews, recommends and develops programs to address safety concerns and training needs.

Also, the Village obtains its coverage for employee group health and life insurance through a self-funded insurance cooperative, Intergovernmental Personnel Benefit Cooperative (IPBC). The Village was a charter member of IPBC when it was formed in 1980 and membership in the cooperative has since increased to twenty-nine. Membership in IPBC requires a three-year commitment and members can tailor their insurance plans to suit their unique organizational needs.

Pension Trust Funds. The Village sponsors single employer defined benefit pension plans for its sworn police and fire personnel. Each year an independent actuary engaged by the pension plan trustees calculates the amount of the annual contribution that the Village must make to the pension plan to ensure the plan will be able to meet its future obligations to retired employees. As a matter of policy, the Village of Barrington fully funds each year's annual required contribution to the pension plans as determined by the actuary. As a result of the Village's conservative funding policy, the Village has succeeded as of December 31, 2002 in funding 92.9 percent of the present value of projected benefits for the Police Pension Fund and 104.6 percent of the present value of projected benefits for the Firefighter's Pension Fund.

The Village also provides pension benefits for its non-sworn employees through the Illinois Municipal Retirement Fund (IMRF). The Village has no obligation in connection with employee benefits offered through this plan beyond its legally required annual contribution amount.

Additional information on the Village's pension arrangements and postemployment benefits can be found in Notes XXX in the notes to the financial statements.

Awards and Achievements

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING to the Village of Barrington for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. The Certificate of Achievement is a prestigious award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The Village of Barrington has received a Certificate of Achievement for the last twenty consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting this year's report to the GFOA for consideration.

Acknowledgments. The timely preparation of the Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated services of the entire staff of the Administrative Services Department. We would like to express our appreciation to all members of

the department who helped and contributed to its preparation. A special note of thanks to Maggie Bosley, Jason Hayden, Allison Chmelik, and Heather McGovern. Without their knowledge, dedication, patience, and hard work completion of this report would not have been possible.

We would like to thank the Village President as well as the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the Village in a responsible and progressive manner. Without their leadership and ongoing support for this department, preparation of this report could not have been accomplished.

Respectfully submitted,

Denise M. Pieroni
Director of Administrative Services/Village Treasurer

Village of Barrington, Illinois
Principal Officials
December 31, 2003

VILLAGE PRESIDENT

Marshall S. Reagle

VILLAGE BOARD OF TRUSTEES

Karen Y. Darch

James A. Daluga

Paul D. Hunt

Elizabeth J. Raseman

Jack T. Schaefer

Jeanne M. Yeagley

VILLAGE CLERK

Ronald M. Koppelman

ACTING VILLAGE MANAGER

Jeffrey L. Lawler

DEPARTMENT HEADS

Deputy Village Manager/
Director of Administrative Services

Denise M. Pieroni

Chief of Fire/EMS

James E. Arie

Chief of Police

Jeffrey L. Lawler

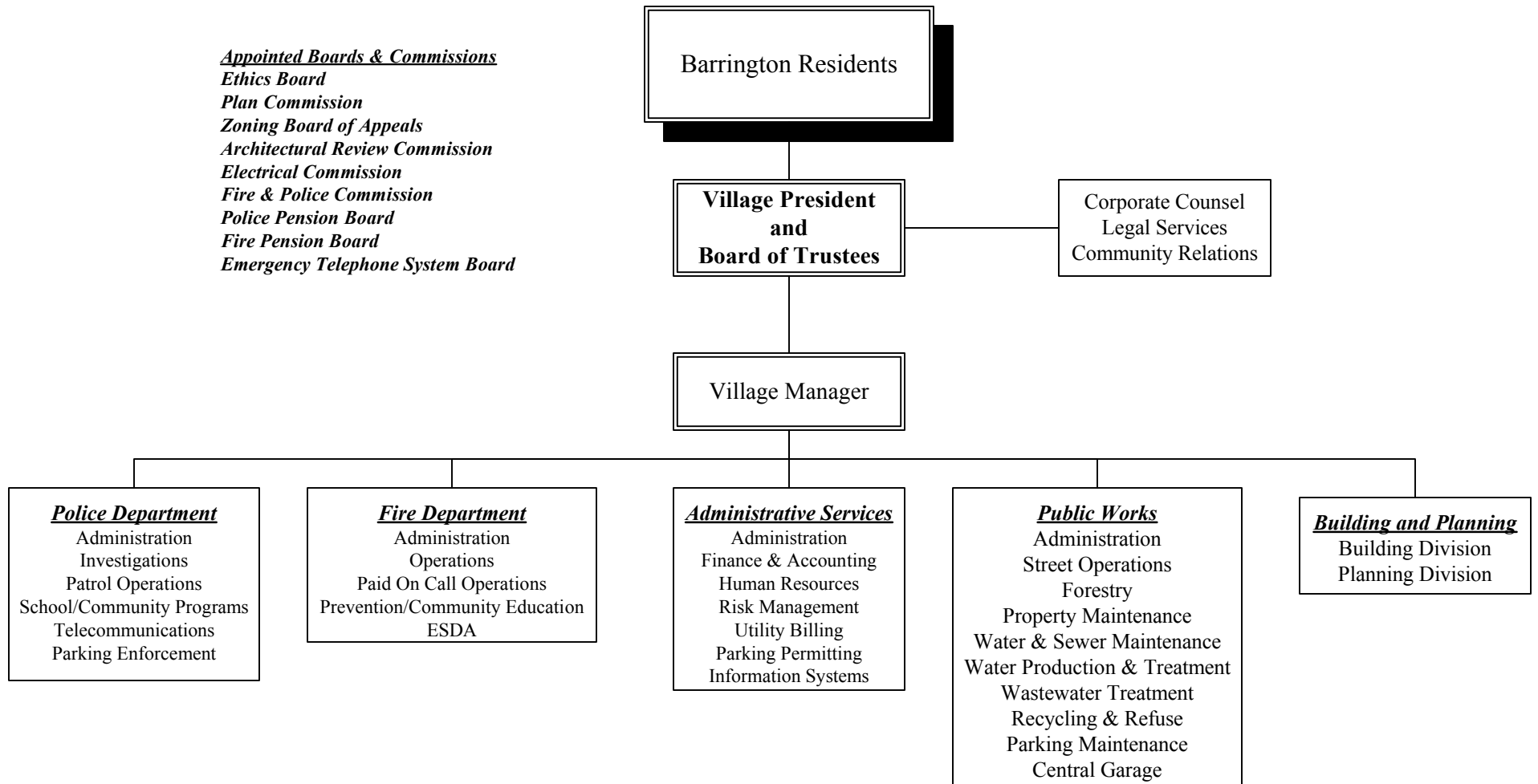
Director of Building and Planning

James C. Wallace, Jr

Director of Public Works

John M. Heinz

Village of Barrington 2003 Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Barrington,
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director